

# HOUSE BILL REPORT

## HB 2942

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**As Reported by House Committee On:**  
Health Care

**Title:** An act relating to health care provider contracts.

**Brief Description:** Concerning contracts of health care providers.

**Sponsors:** Representatives Curtis, Morrell, Campbell, Cody, Green, Clibborn, Kessler, Serben, Rodne, Moeller, McCune and Hasegawa.

**Brief History:**

**Committee Activity:**

Health Care: 1/31/06, 2/2/06 [DPS].

### Brief Summary of Substitute Bill

- Health carriers who control 40 percent or more of a local market for health plans must not terminate a provider contract except for reasonable cause, and must offer a provider contract to any provider within the local area who meets the carrier's customary and reasonable credentialing standards.

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### HOUSE COMMITTEE ON HEALTH CARE

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 10 members: Representatives Cody, Chair; Campbell, Vice Chair; Morrell, Vice Chair; Curtis, Assistant Ranking Minority Member; Appleton, Clibborn, Green, Lantz, Moeller and Schual-Berke.

**Minority Report:** Do not pass. Signed by 4 members: Representatives Hinkle, Ranking Minority Member; Alexander, Bailey and Condotta.

**Staff:** Dave Knutson (786-7146).

**Background:**

Health carriers who control a large share of a local market for health plans are in a strong position to dictate terms to providers who wish to be covered by the carrier's health plan.

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**Summary of Substitute Bill:**

Health carriers who control 40 percent or more of a local market for health plans must not terminate a provider contract except for reasonable cause. They are also required to offer a provider contract to any provider within the local area who meets the carrier's customary and reasonable credentialing standards. Health carriers may charge a fee to cover the cost of credentialing additional health care providers.

**Substitute Bill Compared to Original Bill:**

Provides a definition of a "local market" and authorizes health carriers to charge a fee for credentialing additional health care providers.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date of Substitute Bill:** The bill takes effect 90 days after adjournment of session in which bill is passed.

**Testimony For:** It is unfair for health carriers who dominate a local market to dictate terms to health care providers. There should be greater competition.

**Testimony Against:** This legislation will increase health care costs by increasing utilization. More providers will generate more costs, and health carriers will lose the ability to negotiate lower rates.

**Persons Testifying:** (In support) Representative Curtis, prime sponsor; Lori Bielinski, Washington State Chiropractic Association; Karen Thola, Washington State Chiropractic Association; and Brad Tower, Optometric Physicians of Washington.

(Opposed) Ken Bertrand, Group Health Cooperative; Rick Wickman, Premera; Nancee Wildermuth, Regence Blue Shield, PacifiCare and Aetna; Sydney Zvara, Association of Washington Healthcare Plans, Molina and Community Health Plan of Washington; and Mel Sorensen, Washington Association of Health Underwriters and America's Health Insurance Plans.

**Persons Signed In To Testify But Not Testifying:** None.